



The Saudi Arabia–China relationship at a crossroad: A neoclassical realist analysis

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Abstract

The Saudi Arabia–China relationship is at a crossroad. Riyadh has been continuously building a strategic economic partnership with Beijing and enhancing its security alliance with Washington. However, the two great powers are increasingly involved in tense power competition. This article applies neoclassical realism in trying to understand how systemic changes and several unit-level factors and their synergies and tensions characterize the Saudi–China relationship. It argues, in neoclassical realist terms, that the systemic factors shape the broad contours and general directions of states' foreign policies, but their real-world effects are mediated by unit-level factors. In this context, rapid foreign policy shifts on the Riyadh side, either those of balancing or bandwagoning, seem unlikely, despite rising systemic pressure; whereas economic pragmatism and hedging will continue to characterize the Saudi–China relations. A dualistic structure—namely, Saudi Arabia's security alliance and American and economic partnership with China—will endure.

KEYWORDS

Belt and Road Initiative, China–Saudi Arabia relations, geopolitics, neoclassical realism, Saudi Arabia foreign policy

Contemporary relations between the Kingdom of Saudi Arabia (KSA) and China are in transition. Both sides are expecting to turn over a new leaf in their cooperation and development. In 2006, King Abdullah chose China as his first foreign visit destination, rather than one of the KSA's traditional Western allies. This marked a major shift in Saudi

foreign strategy, aimed at diversifying its foreign relations with both the West and newly emerging powers in Asia—a hallmark of the KSA's "Look East" strategy (Yamada, 2015). The frequent official exchanges since then have manifested the top leaders' persistence for deepening cooperation. During Chinese President Xi Jinping's visit to Riyadh in 2016, both countries decided to upgrade their relationship to a "comprehensive strategic partnership." Recent statistics show that China is the KSA's biggest trade partner, and that the Kingdom has been China's largest supplier of crude oil for the last two decades and is currently China's largest trade partner in the region (General Authority for Statistics of Saudi Arabia, 2016). Moreover, Beijing has expressed its strong interest in serving as an "honest broker" in regional issues, and Riyadh has responded by welcoming China's more active involvement. Chinese Ambassador to the KSA, Li Huaxin, called the Kingdom a "strategic partner" and a "powerful ally" in 2019 (Nugali, 2019).

Strategic analysts wonder how China's deeper involvement in the region may bring fundamental changes. For instance, Daniel Wagner (2018) has written, "Beijing, by increasing its oil consumption and maintaining an open posture towards competing actors in the region while letting the US handle the security burden, has quietly made itself into a massive player in the region" (Wagner, 2018). Robert Bianchi has argued that with the increasing influence of Beijing in the Middle East, "[a] growing number of former American allies, including some that were virtual American dependencies, are now hedging their bets with more independent foreign policies that actively court Chinese investment, trade, military cooperation, and diplomatic support" (Bianchi, 2013; Mohammad et al., 2015). Analysts are also debating whether Riyadh and Beijing are ready to update their relationship from a "marriage of convenience" to the strategic alliance (Al-Tamimi, 2013; Olimat, 2012, pp. 131–148).

The Middle East geopolitics and KSA–China relationship are increasingly shadowed by great power politics. The Kingdom's security ally, the United States (U.S.), and its economic partner, China, are increasingly trapped in a so-called "Thucydides Trap" that predicts a hegemonic war between an established power and a rising power for the sake of global leadership (Allison, 2017). China and Russia have also enhanced their strategic coordination and cooperation on critical regional affairs. Although China's involvement is "more substantial from a financial-economic perspective" while Russia's is mostly a matter of political involvement, arms sales, and military intervention, the major aspect of their shared interests is to weaken U.S.'s traditional influence in the Middle East (Ying, 2016; Siddi & Kaczmarek, 2019).

The KSA–China relationship is at a crossroads. Simply put, shared economic and strategic interests seem to push Riyadh and Beijing closer, but systemic factors limit any upgrade of their bilateral relations. So how will the synergies and tensions among systemic and unit-level factors shape future Saudi–China relations?

This article provides a neoclassical realist explanation of the puzzle. It reviews the effects of systemic changes and four unit-level factors and then examines the synergies and tensions among them. It concludes, in neoclassical realist terms, that systemic factors shape the broad contours and general directions of states' foreign policies, but their real-world effects are mediated by unit-level factors. Regarding KSA–China relations, rapid foreign policy shifts on the Riyadh side, either balancing or bandwagoning, seem unlikely, despite rising systemic changes and pressure; whereas economic pragmatism and hedging will continue to characterize their relations. A dualistic structure, KSA's security alliance with America and strategic economic partnership with China, will endure in the long term.



THEORETICAL FRAMEWORK: NEOCLASSICAL REALISM

Why and to what extent do states' strategic moves deviate from systemic imperatives, and how do unit-level factors take effect?

Neoclassical realism acknowledges the primacy of systemic factors. It assumes that "the international system plays the dominant role in shaping national security decisions," but adds that "international imperatives are filtered through the domestic political environment, which can lead to variations in the way states respond to common international pressures" (Lobell et al., 2019, pp. 5, 174).

In the case of critical changes in relative power, nation-states always try to survive and preserve their autonomy of action. They tend to balance both, internally by devoting more resources to national defense and externally mostly through alliances and similar strategic arrangements. Structural realist Kenneth Waltz has also pointed out that states are pressured to anticipate future relative power changes and adopt precautions. In an anarchic world, balancing becomes a norm and the socialization to such norms discourages other strategic choices but balancing.

This is why states mostly choose to establish a balance of power, instead of employing other policy options (Waltz, 1979, 1987). Neoclassical realists disagree. They notice that bandwagoning is actually quite common in reality. States weigh the costs and benefits of each option on an equal basis and then make decisions (Schweller, 1994).

Other studies reveal states' strategic choices within the spectrum running from balancing, through soft balancing, to hedging, to accommodation, and to bandwagoning (Manicom & O'Neil, 2010; Pape, 2005; Roy, 2005). To be more specific, states will either initiate a full-scale, usually military-oriented balancing strategy with a stronger, adversarial power, or align with the latter, the respective terms for which are *balancing* and *bandwagoning*. In between these poles there are intermediate options available. For example, *Soft balancing* usually refers to the use of nonviolent means to slow down, disrupt or delegitimize the stronger power's moves, while *accommodation* means an adjustment of old strategies to accommodate the stronger powers' needs and ambitions in exchange for security assurance and other strategic benefits (see Figure 1).

In a unipolar world, a common strategy for second-tier states is to *hedge their bets* against different possibilities and competing interests, particularly when the system leader's relative power remains predominant but relatively declining (Tessman, 2012; Tessman & Wolfe, 2011). The second-tier state still value the benefits by supporting the existing system, but meanwhile engage the challenger of the system. For example, Scholars also tends to use the term *hedging* to conceptualize Iran, Saudi Arabia, or Gulf Monarchies in general, Southeast Asian countries, Russia, and Brazil's strategies to manage their relations with great powers (Fulton, 2020; Klieman, 2015; Medeiros, 2005; Tessman, 2012). Not necessarily due to the system imperatives, the authors tend to perceive hedging as a more prevalent strategy. Under different occasions, all

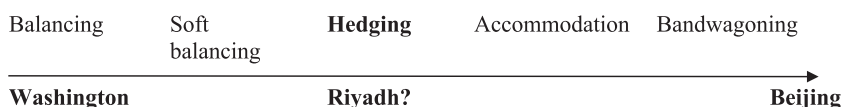


FIGURE 1 Saudi Arabia's strategic choice amid systemic changes

states try to steer a middle course among competing interests in different areas or the present and future gains.

How states respond to changes of strategic environments is a result of the combination of systemic and unit-level factors. By conceptualizing the KSA's strategic choices with the help of neoclassical realism, the next two sections will organize our analysis accordingly and examine the separate and mixed effects of these factors in the KSA-China relationship.

KSA-China relationship remains under-researched but has attracted increasingly more scholarly attention, some of which utilize the neoclassical realism to organize their analysis. Fulton's (2018) book on China's relations with the Gulf Monarchies highlighted different domestic and international factors that would influence their bilateral relationship (Fulton, 2018). Cengiz (2020) also utilized neoclassical realism and especially provided close and timely observations over Saudi's China policies under the new leadership of Crown Prince Mohammed bin Salman. This article further highlights the evolving systemic factors and their impacts on the unit actors' strategic behaviors.

SYSTEMIC FACTORS AND SAUDI-CHINA RELATIONSHIP

Neoclassical realist theory agrees that the anarchic nature and relative distribution of material capabilities of the world system are keys to the understanding of world politics. Although geographical remoteness may constrain systemic effects (Waltz, 1979, p. 118), the following analysis reveals the critical importance of the systemic factors for understanding Saudi-China bilateral relations.

Systemic changes and KSA-China relationship normalization

Systemic changes since the 1960s have been vital for the normalization of the Saudi-China relationship. The KSA was the last Arab state to establish a diplomatic relationship with the People's Republic of China (PRC), which it finally did in July 1990. Before that, the Kingdom was an important ally of the United States, which had a policy of countering "communism" and Soviet influence in the Middle East. It maintained diplomatic relations with the Republic of China (Taiwan), a bridgehead in the U.S.-led anticommunist camp in Asia, from 1946 to 1990. Thus the KSA and China had fundamental ideological differences. Since 1949, Beijing had leaned toward the socialist camp and adopted similar Middle East policies to those of the Soviet Union, although with subtle differences. Basically, Beijing was skeptical about the Gulf monarchies and their alliance with the United States (Shichor, 1979, pp. 9–20).

The Sino-Soviet split in the 1960s, the Sino-U.S. rapprochement in the 1970s, and China's launch of systemic reforms in the 1980s all paved the way for the normalization of diplomatic relations and improvement of the Riyadh-Beijing relationship. Beijing vowed to focus on economic development rather than ideological conflicts and tried to develop friendly relations with the outside world. It revised its Middle East policies accordingly and declared it would respect the established regimes in the region. Beijing also leveraged its improving relations with Oman, Pakistan, the United Arab Emirates and, particularly, Kuwait, as stepping stones to approach Riyadh, which helped the normalization of their relations in 1990 (Behbehani, 1981; Huwaidin, 2002, pp. 217–219; Saadi, 2012, p. 224).



Systemic stability and KSA–China relationship development

Both Saudi and China have been supporters of an America-led world order in the post-Cold War era, which created favorable strategic environments for the development of their bilateral relationship.

For Saudi Arabia, America's embedded interests in regional economy and geopolitics have promoted Riyadh's relations with Washington. China has actively participated in the global division of labor and further integrated itself into the world, which has facilitated its ultimate economic rise. Politically, Beijing showed no incentive to challenge the existing world order. It has mostly free-riden on America's efforts to maintain global stability and economic prosperity and has only occasionally challenged the latter on the margin (Schweller & Pu, 2011).

As supporters and beneficiaries of an America-led world, KSA and China have been able to explore transactional and political cooperation in energy, trade, national defense, and regional affairs. This will be elaborated in Section 3: For instance, with America's tacit approval, KSA was able to purchase DF-21 medium-range ballistic missiles from China to strengthen its strategic deterrence capabilities (Lewis, 2014). This was a second purchase of missiles, after a similar deal in 1988, which were usually perceived as critical for the normalization of their relationship (Al-Tamimi, 2013, pp. 65–68; People's Daily, 1988, p. 2).

Systemic instability and the future Saudi–China relationship

Sections 2.1 and 2.2 reveal the important roles of structural changes in the KSA–China relationship. However, the system stability has recently been weakened by, in Fareed Zakaria's terms, the relative decline of the United States and the rise of the rest including Europe, Japan, India, Brazil, and particularly, China (Zakaria, 2008).

On the one hand, the U.S.–China relationship is increasingly characterized by power transition and competition. Power transition theorists, or “Thucydides Trap” advocates, argue that a rising power and an established power are more likely to be involved in a militarized fight over global leadership and associated benefits (Allison, 2017; Kugler & Organski, 1989). Since President Trump took office, the friction between the two powers has gradually evolved into full-scale competition and confrontation in geopolitics, trade, technology, media and diplomacy, and the Covid-19 pandemic further accelerates the downward spiral of rivalry. Some analysts believe that a new Cold War has emerged between the two great powers (Landler, 2018). On the other hand, the U.S.–Saudi Arabia alliance faces new challenges. In particular, due to the shale gas revolution and President Trump's energy policies, the dramatic expansion of America as a potential energy kingpin has decreased America's dependency on Middle East oil and thus its strategic interests in the region.

As the systemic pressure intensifies, Riyadh will find it increasingly difficult to maneuver between the two great powers. For example, Washington acquiesced to Saudi-Chinese deals on strategic missiles twice, allegedly in 1988 and 2007, when the bipolar system led by the United States was mostly unchallenged. However, in 2013 Washington was skeptical about KSA–China's cooperation on civil nuclear programs and national defense. Washington was closely scrutinizing whether the KSA's nuclear program could process uranium and move towards the development of atomic weapons.

Systemic factors explain some of China's foreign policy changes which may affect its relations with the Kingdom. For example, China's leaders have been bothered by the fact that

most of its oil imports from the Middle East and Africa passes through the Strait of Malacca, a narrow stretch of water under the direct influence of the navies of the US and its allies, and thus have tried to diversify its energy imports (Zhang, 2011). Another recent move has been to strengthen Chinese cooperation with Iran, which is against KSA and US regional interests.

UNIT-LEVEL FACTORS IN THE KSA-CHINA RELATIONSHIP

As Gideon Rose (1998) suggested, neoclassical realism distinguishes itself from structural realism mainly by incorporating the domestic intervening variables that condition whether and how states respond to systemic pressures. This section examines the important domestic societal, economic, and other strategic concerns that characterize KSA-China relations. It focuses on societal factors (Islam), bilateral transactional relations (energy, trade, and investment), regional politics—four groups of factors. The Taiwan factor was a major concern in China's KSA policies in the 1980s, but it matters little now that the Kingdom has recognized the PRC government as the sole legitimate political representative of “all of China.”

Islam and China's ethnic minority policies

China's Muslim minority policies swing between soft and hard. The soft approach emphasizes the autonomous rights of ethnic minorities in governing their habitat areas and the importance of ethnic and cultural diversity for the nation, while the hard approach reflects China's wariness of the “three evils,” namely terrorism, separatism, and religious extremism. China is also very cautious about the expanding role of religion among ethnic minorities, which could threaten the monopoly position of the government in steering the society (Bhattacharji, 2009; Kerr & Swinton, 2008).

Saudi Arabia perceives itself as the leader of the Muslim world and has strong motives to expand its religious and cultural influence. China's Muslim policies have therefore become a defining concern for the Kingdom. China developed unofficial relations with the Kingdom in the 1955–1960s period with the help of Chinese Muslim minorities during the annual pilgrimage to Mecca, but the relationship was damaged during the Cultural Revolution mainly because of China's leftist religious and ethnic policies. China's reform and opening up in the 1980s brought the society back to order. Its respect for the Muslim minorities' civil rights and way of life subsequently laid the foundation for Sino-Saudi relationship normalization in the 1990s.

Saudi Arabia has respected China's sovereignty in governing Chinese Muslims and opposes any Muslim separatist movement in China. For instance, Saudi Arabia sided with China's handling of the Urumqi riots in July 2009 and the Kunming knife attacks in 2014. Riyadh condemned these extremists as “terrorists” (Clarke, 2015). Overall, the role of such Islamic extremism seems to be less significant as a factor in the relationship at present, although it may occasionally create uncertainties.

The recent controversies about China's Xinjiang policies have attracted wide concerns in the Muslim world. Since President Xi assumed power, Beijing has launched a massive “de-extremization education” program in Xinjiang. China has allegedly detained one million of Muslims and sent them to so-called re-education camps, hoping that patriotic, legal and vocational education will help rebuild and reinforce the loyalty of Muslims to the nation and regime. In Ningxia, where the majority of the



population are Hui Muslims, Beijing has started to remove Islamic-architectural domes and any signs in Arabic script and has begun to impose “Islam with Chinese characteristics” (Gan, 2018). Most Western countries have criticized Beijing’s institutionalized of serious violations of human rights or even ethnic genocide (Shih, 2018).

Bangladesh, Kazakhstan, Indonesia, Malaysia, and several other Muslim countries have expressed their concerns. Xinjiang has become a salient issue in Saudi Arabia’s official media (Arab News, 2018). During Saudi Crown Prince Mohammed bin Salman’s visit to Beijing in February 2019, Chinese Foreign Minister Wang Yi gave an interview with *Asharq Al-Awsat*, an international Arabic-language newspaper. Wang praised “Saudi Arabia’s counter-terrorism and deradicalization measures suited to its national conditions and regional realities” to gain Saudi Arabia’s understanding. China’s Xinjiang policies “draw on the experience of Saudi Arabia and other members of the international community” that are “essentially in tune with Saudi Arabia’s counter-terrorism and deradicalization efforts” (Embassy of PRC in the Kingdom of Saudi Arabia, 2019). In Beijing, Prince Salman expressed his support for China’s right to carry out antiterrorism and de-extremization without explicitly mentioning the Xinjiang issues to his Chinese counterparts (Ensor, 2019). Riyadh and Beijing seemed to have reached an agreement on related issues and have decided to downplay the Xinjiang issues.

Energy transactions and cooperation

Energy cooperation remains the key to the Sino–Saudi bilateral relationship. Despite China’s continuous efforts to reduce dependence on energy imports from the Middle East, Saudi Arabia still accounts for a significant proportion of them. As the largest exporter of crude oil in the world, Saudi Arabia has been in an advantageous position for expanding its presence in the Chinese market. Riyadh was the largest supplier of crude oil in the Chinese market from 2002 to 2016, but its leading supplier role was replaced by Russia in 2017 (Ministry of Commerce, PRC, 2018). As China and its oil companies strive to increase China’s influence in the upstream and downstream of the oil industry in the world, both Saudi and Chinese oil companies have expanded their cooperation in oil exploration, exploitation, refinery, petroleum distillates, and marketing (Table 1).

TABLE 1 Energy cooperation between Saudi Arabia and China

Year announced	Major energy projects
2003	Two joint ventures established and co-managed by Sinopec, Fujian province, ExxonMobil, and Aramco in oil refinery with sales worth around US\$ 3 billion, and another venture in petrochemical products
2004	A joint exploration project between Sinopec and Aramco in the South Ghawar region of the Kingdom
2008	A 50–50 joint venture between Sinopec and SABIC to build a new polycarbonate plant in Tianjin, worth about US\$2.5 billion
2012	An oil refinery factory between Sinopec and Aramco in Yanbu, Saudi Arabia worth US \$8.6 billion
2019	An oil refinery and petrochemical complex in northern China worth US\$10 billion

However, China's energy transition and global market instability injects uncertainty into the prospects of their energy cooperation. Firstly, China's economic restructuring and energy transition could limit its demand for crude oil in the future. Beijing has spared no effort in attempting to transform its energy consumption to that of clean and low-carbon structures, and has invested in renewable energy. The International Energy Agency estimates that "[China's] growing energy needs are increasingly met by renewables, natural gas and electricity while coal demand falls back... Electricity becomes the leading source of final energy consumption in China, overtaking coal in the late 2020s, and oil shortly thereafter" (International Energy Agency, 2017). China's overall demand for oil will continue to grow, although at a lower growth rate.

Secondly, China's efforts to internationalize the Chinese yuan and the consequent challenges to the petrodollar system could further limit Saudi Arabia's market share in China (Ying, 2016). Beijing has been promoting the Chinese yuan as the global reserve currency. A recent attempt has been to pay for oil in Chinese yuan instead of U.S. dollars in some of its energy deals with Russia, Venezuela, and Iran, leaving Saudi Arabia in a relatively disadvantageous position.

Last but not least, China's recent deals with the United States and Iran may crowd out KSA's shares in the Chinese energy market. China has agreed to increase the purchase of U.S. goods and services by at least US\$ 200 billion in 2020 and 2021 in the first stage of a trade deal signed in January 2020, a significant part of which are crude oil and natural gas. China's new economic partnerships may also undermine KSA's energy exports to China: Although the new partnership is still in negotiation and details are not finalized, China will surely enhance its overall cooperation with, and investment in, Iran.

China analysts express concerns about the possible strategic consequences of U.S. energy dependence. The United States may have no incentive to maintain an affordable and stable oil supply from the Middle East, but it would *de facto* benefit from a high oil price due to the regional instability. If that's the case, China has to play a more active role in Middle East affairs and further engage with major oil exporters for a stable energy supply (Tian, 2017, pp. 65–66).

Trade, investment and other functional cooperation

Along with the energy cooperation, Saudi Arabia–China bilateral trade has grown rapidly due to the strong trade complementarity between them. The Kingdom has imported textiles, clothing, steel, and electromechanical equipment from China, while exporting petrochemical products, plastics, and rubber—in addition to crude oil—to China. According to the Chinese Minister of Commerce (February 2017–December 2020) Zhong Shan, Saudi–Chinese total trade grew by 36% annually since 1990 and reached US\$42.36 billion in 2016. China is currently the largest trade partner of Saudi Arabia, while the latter is China's largest trade partner in the Middle East (General Authority for Statistics of Saudi Arabia, 2016).

Furthermore, the great convergence of Saudi Arabia and China's strategic interests stems for their recent adjustments in their grand strategies—namely, China's Belt and Road Initiative (BRI) and the recent Saudi Vision 2030 proposed by Crown Prince Salman. The two states are likely to move beyond mere energy partnership and build a more comprehensive and strategic economic partnership (Riedel, 2020).

On one side, Riyadh attempts to diversify its trade ties and seek more opportunities of development at the advent of what is being called the Asian century. Saudi Arabia's Vision



2030 aims at reducing the Kingdom's dependence on oil and at pursuing economic diversification (Fulton, 2020a). On the other side, Beijing has launched the ambitious BRI to enhance China's connectivity and economic partnership with Eurasian countries by creating a China-centered global trade and production network (Rolland, 2017). The strategy also serves as a counterbalance to the American and its Asian allies' systemic pressure from the east side. At the Sixth Ministerial Meeting of the China–Arab Summit in June 2014, China agreed to provide US\$15 billion in a special lending scheme for industrialization, US\$10 billion in a commercial lending scheme, and US\$10 billion in favorable loans to Middle Eastern countries, and to invest another US\$20 billion in a joint investment fund with the United Arab Emirates and Qatar (Xi, 2014). China and Saudi have also planned to establish a US\$20 billion investment fund to partially finance the infrastructure, energy, and mineral industries to diversify the funding sources of the Kingdom (Ministry of Commerce, PRC, 2018).

Chinese President Xi outlined a “1 + 2 + 3” cooperation scheme with the Arab world at the 6th ministerial meeting of the China–Arab Cooperation Forum in 2014. In short, both sides have pledged to adhere to energy cooperation as the foundation, infrastructure construction, and trade and investment facilitation as the two wings of their cooperation, and then to strive to make breakthroughs in three areas—namely, the peaceful use of nuclear energy, airspace and satellite development, and new energy (Fulton, 2020b; Ministry of Foreign Affairs of China, 2014).

Saudi Arabia's and China's recent cooperation is a typical example of the “1 + 2 + 3” scheme. For instance, in accordance with a memorandum of understanding (MOU) signed in 2017, Saudi Arabia participated in China's space program of exploring the remote side of the moon, and Saudi Arabia's two earth observation satellites were also launched into orbit by Chinese rockets in December 2018. Two other MOUs have also paved the way for further cooperation in nuclear energy. Their defense cooperation and cultural exchanges have also made significant progress. Saudi Arabia signed a partnership agreement with Chinese companies to import a CH-4 drone—a model with similar capacities to American's MQ-1 Predator—production line from China as part of its strategic objectives to “localize defense industries” in accordance with Vision 2030 (Kingdom of Saudi Arabia, 2016, p. 48). Both countries agreed to introduce Chinese language learning at all levels of education in Saudi Arabia in 2019.

By 2017, Riyadh and Beijing had identified 30 strategic projects worth US\$50 billion to expand their industrial and financial cooperation, of which eight were under construction and the rest were in the preliminary assessment stage (Bao, 2018, p. 78). During the current pandemic, KSA has turned to China to purchase 9 million test kits, while China has sent around five hundred medical experts to assist the Kingdom in Covid-19 tests and pandemic control.

Established in 2016, the KSA–China high-level joint committee has institutionalized their cooperation mechanisms to “guide and coordinate bilateral cooperation,” including six subcommittees on politics and diplomacy, major BRI projects and energy, national defense, security cooperation, trade and investment, and culture, science and tourism (Bao, 2018, p. 76). Such a move is considered rare, given that China does not have such mechanisms with another “comprehensive strategic partner” in the region, Iran. The committee, currently chaired by the Chinese vice premier and the Saudi Crown Prince, has held several regular meetings in both Beijing and Riyadh to discuss functional cooperation issues.



Regional politics

The rationality of the Saudi–China relationship involves the dynamics of regional politics. Evidently, the two countries have had both pleasant and unpleasant encounters in regional politics and beyond.

Before 1990, China's revolutionary diplomacy in the Middle East and its hostility toward the Gulf monarchies directly clashed with Saudi Arabia's national interests, whereas their rapprochement after the 1980s benefitted directly from China's improving relations with other Gulf countries and friendship with Pakistan. Beijing has reiterated its noninterference principles and its respect for other countries' rights to independently choose their social systems and development paths.

Beijing has also attempted to keep a balance in maintaining its relationship between adversaries in the region (i.e., between Arab countries and Israel and between Iran and Saudi Arabia) to maximize its commercial interests (Daojiong, 2005; Douglas et al., 2007). China's stance does not make it a close ally of Saudi Arabia, but it is certainly a reliable “friend” that shares in immense commercial interests. In addition, both sides reiterated their intentions to coordinate some of their regional policies, including the establishment of an independent Palestinian state, a peaceful resolution of Kashmir disputes between India and Pakistan, antiterrorism, the Iraq war in 2003, and concerns with other regional hotspots (Xiaodong, 1999, pp. 155–159; Xinmin, 2014; Yetiv & Lu, 2007, p. 202).

Among all contemporary issues, what bothers Saudi Arabia most is China's stances on the Syrian war and its relations with Iran. China supports Syrian President Al-Assad and Russia's military intervention in Syria, which contradicts Saudi Arabia's position of backing opposition forces. The disagreements between the two states were obvious at the United Nations, when Beijing backed Moscow in most of the vetoes against any UN security resolutions that were in the interest of the Syrian revolutionists. However, their conflicts of interests over Syria were not fundamental, partly because China had no intention to play a direct role like that of Russia and Iran and was not wedded to any particular outcome in the conflict (Al-Ghadhawi, 2020). As the Syrian government gradually reasserted its control, Riyadh was adjusting its Syrian policy accordingly, making this issue even less significant in KSA–China relations (Magnier, 2018).

On the Iran nuclear deal, China has vetoed several West-backed UN sanctions against Tehran and has helped in seeking a conclusion of Iran–West nuclear pact negotiations, which violate Saudi Arabia's security interests in the region (Pasha, 2016). When American President Trump decided to withdraw from the Iran nuclear deal and reimpose economic sanctions against Tehran in 2018, China and Iran, unsurprisingly, moved closer together. In June 2020 the media revealed that Beijing and Tehran were in the final stage of approving a \$400 billion deal involving energy purchase and investment, 5G, trade, infrastructure, and technology co-operation. Although the newly elected American President Joe Biden promised to rejoin the Iranian nuclear deal in early 2021, he still faced political pressure from Congress and Israel.

China has been subtly conducting equidistant diplomacy in its relationship with Iran and Saudi Arabia, and with Israel and the Arab states. Improving relationships with one country at the cost of another seems to be an unlikely choice for China (Xiaodong, 1999). While the Gulf monarchies, including Saudi Arabia, are more significant than Iran for China economically (Fulton, 2018), Iran could serve as a diplomatic leverage in China's bargaining with the United States in the great power competition.

This is not an easy choice for China. As Tehran and Riyadh's power competition and proxy wars escalate in the region today, it is increasingly challenging for China to maintain good



relations with the two countries. Chinese scholars cautioned that, given China's lack of experience and diplomatic skills to “play chess” in the Middle East, it should avoid being trapped in regional disputes (Bao, 2018; Li, 2016; Tian, 2017, p. 64).

Although China lacked a regional strategy in the 1990s–2010s period and adopted a pragmatic and commercialist strategy in the region, things are now in transition. The BRI and its first *China's Arab Policy Paper* released in January 2016 indicate that a new strategy is taking shape. The new strategy remains pragmatic and economically oriented, but China vows to expand its influence in the region. As President Xi said in a speech to the Arab League, “The key to overcoming difficulties is to accelerate development. Turmoil in the Middle East stems from the lack of development, and the ultimate solution will depend on development” (CCTV, 2016). He then reiterated China's determination to grow with the region by enhancing Eurasian connectivity, increasing China's investment, and expanding trade relations. Whether Beijing's increasing roles in the region will bring Saudi Arabia and China closer or drive a wedge between them remains unclear.

NEOCLASSICAL REALISM'S EXPLANATIONS AND THEIR IMPLICATIONS

In Sections 2 and 3, this article has systemically reviewed the systemic and unit-level factors that characterize the KSA–China bilateral relationship. The key concerns are the synergies and tensions among systemic and unit-level factors and their mixed policy effects. This section will elaborate neoclassical realist explanations of the puzzles and also examine their policy implications

Neoclassical realism acknowledges the primacy of systemic factors shaping the strategic behaviors of not only great powers but also of middle powers and even of small states. As KSA and China are both important players in regional and global politics, the systemic imperatives' effects are evident. The structural changes in the later Cold War period cleared away political obstacles to relationship normalization and the consequent structural stability has created a favorable environment for cooperation between them in multiple areas. As supporters of a US-led global economic order, KSA and China have been able to develop their economies and extend their cooperation in energy, trade, and investment. However, the ongoing structural changes add new uncertainties to the KSA–China bilateral cooperation in nuclear and defense programs, and even in energy cooperation. The Strait of Malacca Dilemma and China's diversification of energy imports are cases in point. Washington is skeptical about Beijing and Riyadh's cooperation in arms deal and nuclear programs.

China has been trying to accommodate America at this stage and mitigate system pressure and has proposed to purchase more U.S. products, including liquified natural gas, shale oil, and metallurgical coal, to ease the trade imbalance problems between the two countries. This may jeopardize KSA's shares in the Chinese energy market. China's new partnership with Iran is partly a balancing strategy against the United States, but this makes KSA's national security possibly even more dependent on America.

The external systemic factors obviously do not determine the strategic behaviors of these two states, while the unit-level factors, serve as intervening variables that “condition whether and how states respond to the international systemic pressures.”

For instance, the timing of specific policy choices may be delayed or shifted earlier due to the intervention of unit-level factors. As systemic environments turned to be favorable for both

sides to establish diplomatic relations in the 1980s, KSA was reluctant to do so, despite China's sincere request, mostly in consideration that establishing diplomatic relations with a Communist state might jeopardize its reputation and leadership in the Muslim world. As neo-classical realists point out, it takes time for states to perceive external challenges and respond accordingly. What is more, states may over- or underreact to the systemic imperatives in the real world. For example, Riyadh has Washington on its side in attempting to delegitimize China's new partnership with Iran through propaganda and to distance itself from Beijing economically and politically, to some extent. However, these systemic imperatives are weakened by Saudi's economic concerns, as oil price fluctuations have led to serious domestic economic problems in the KSA, making the Chinese market particularly special and important at this moment.

Returning to the original questions, how do the synergies and tensions of systemic and unit-level factors shape KSA–China relations? As these factors, operating on different levels, generate mixed impacts on their bilateral relations, the two nations' strategic choices and associated chains of action–reaction will very likely lead to the strategic use of hedging on both sides.

First, KSA–China bilateral relations will be continuously characterized by economic pragmatism (Quilliam, 2016, p. 149). Their energy deals, China's expanding commercial interests in the region and KSA's needs to diversify its economy structures are promoting their economic cooperation, despite the ongoing structural changes. Riyadh's Saudi Vision 2030 and Beijing's BRI will probably create more investment and commercial opportunities.

Second, it is wise to avoid making major policy shifts before having a good sense of the ongoing structural changes and their impacts. Both KSA and China tend to hedge against uncertainties and keep their future policy options open. The transactional relations do not only generate commercial interests for both sides but may also save political leverages for future rainy days.

Last but not least, a dualistic order has emerged in the Gulf, where the United States and China have overwhelming influence over the regional security and economy realms, respectively. The KSA and other Gulf countries are traditional allies or security partners of the United States in the region and are simultaneously involved in frequent and intensive commercial transactions with China. The dualistic structure is also evident in Asia, where America-led security architecture parallels China's overwhelming economic influence (Feigenbaum & Manning, 20126; Liu & Liu, 2019). Such a structure probably endures in the Gulf, particularly as Sino–U.S. geopolitical conflicts are mostly limited to the Asia-Pacific region and China shows no intention to edge away from economic pragmatism in making its Middle East strategies. If so, Saudi Arabia will continue to hedge between the two great powers, concurrently relying on Washington to protect its national security and moving closer to Asian countries, China in particular, for economic interests (Cengiz, 2020; Mohammad et al., 2015; Salman & Geeraerts, 2015).

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